DOCUMENT RESUME

ED 395 099 CE 069 832

AUTHOR Halperin, Samuel
TITLE A Workforce Development System for the United States: A Dream Deferred.
PUB DATE 95
NOTE 26p.
PUB TYPE Viewpoints (Opinion/Position Papers, Essays, etc.) (120)

EDRS PRICE MF01/PC02 Plus Postage.
DESCRIPTORS *Economic Development; *Education Work Relationship; Employment Patterns; Employment Problems; *Employment Programs; Futures (of Society); *Job Development; Job Training; *Labor Force Development; Labor Utilization; Policy Formation; Postsecondary Education; *Public Policy; Unemployment

ABSTRACT

The United States has never had a consistent, unified work force development system. Instead, because of citizens' preference for decentralized government, most efforts at work force development have been sporadic and localized. From the 1960s until the early 1990s, Congress enacted between 125 and 175 narrowly-focused categorical employment training programs administered by over 20 federal agencies. Even these efforts, however, were fragmented and directed mostly at minority groups and disadvantaged populations. When President Clinton was running for office and for the first 2 years after his election, programs were proposed that would have created a work force development system, including educational reforms, job training, employer investment, and job creation. With the political changes of 1994, however, most efforts at work force development have been halted. Older job training programs have been slashed and new initiatives seem doomed for the present and foreseeable future. Only when citizens tire of having their standard of living slip and seeing their children without the prospect of jobs that pay a living wage will they demand a change in policy that will lead to more coordinated efforts toward job creation and worker training. (This paper includes facts about the U.S. labor force, 1994 youth employment statistics, an American Youth Policy Forum position paper on linking school and employment, and a list of elements of an effective work force development system.) (KC)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 395 099

A WORKFORCE DEVELOPMENT SYSTEM FOR THE UNITED STATES:

A DREAM DEFERRED

by Samuel Halperin

My assignment today is to discuss the past, present and future of U. S. workforce development policy in the United States. The short version goes: "The past was uninspired, the present is exceptionally messy and the future is murkier still." It will soon become clear to my colleagues from the Pacific Rim countries that there is little that you want to copy from us -- and much that I hope you will avoid.

To understand American policy toward workforce development, one should view it in the larger context of American social policy over the past 65 years. Unlike our friends in other industrialized nations, we have never nationalized our major industries. Nor have we been particularly serious about redistributing income or progressing much beyond a flirtation with centralized economic planning. We still have a welfare state of sorts, but it lags quite far behind those of many other industrialized nations in offering less generous benefits to the unemployed, failing to provide children's allowances and restricting tax-supported medical care to veterans, the elderly and the very poor.*

* See James Q. Wilson (University of California at Los Angeles), review in The New Republic, May 22, 1995, pp. 31 ff.

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY

S Halperin

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

CE069832

BEST COPY AVAILABLE

At the core of America's social and human services is a long and strong tradition of decentralized state and local control. For example, only six percent of funding for elementary and secondary education derives from the federal government. Even that support is categorical or specific in nature, rather than universal. Aside from a relatively small, 78-year-old vocational education program, which in recent years has focused largely on equity concerns and on various disadvantaged populations, the federal government has not been extensively involved in pre-employment training for school-age youth. While several employers' associations have recently shown increased support for higher workplace and academic standards, and for school-to-work transition programs, they have more often been ambivalent about efforts to insert the federal government into issues of workforce development.

In addition to strong preferences for local control and for weak central government, many Americans are reluctant to underwrite safety net social programs for people they consider unworthy. Despite much progress in recent years, prejudice against people of color and recent immigrants lingers on as one fact of American life. Another fact is that the center of gravity in the Democratic Party is closer to the perceived interests of minorities, the poor, and lower-income workers, while that of Republicans is increasingly identified with the interests of white voters, particularly those in the now Republican South and West, upper-income voters and the corporate sector. While Washington-led initiatives in education and employment training were often supported by both political parties from the late 1950s to the mid-1990s, such bipartisanship has become a casualty of the increasingly bitter polarization in American

national politics.

To the extent that policy makers gave thought to employment policy, their focus was primarily on assisting various disadvantaged populations and ameliorating the condition of low-income groups, especially racial minorities. Other essential components of a comprehensive employment policy -- such as job creation, improving productivity and earnings, and making labor markets more efficient -- received little sustained attention.

During the Great Depression of the 1930s, Franklin D. Roosevelt's New Deal put vast numbers of unemployed people to work in such temporary programs as the Civilian Conservation Corps and Works Progress Administration. Nevertheless, it was not centralized government planning and control that ended the Depression but, rather, vast federal expenditures during World War II. Spending for the Cold War, space exploration, the interstate highway system, the G. I. Bill of Rights* and a variety of other federally-funded enterprises, *carried out mostly by the private sector*, kept the country relatively prosperous after 1945.

Beginning in the 1930s, a relatively modest safety net of government assistance for the nation's most disadvantaged did emerge. However, the United States remains predominantly a country of *limited government*, with substantially stronger popular support for the preservation of rights -- liberty, freedom, political participation -- than for

* Assistance to veterans to attend postsecondary education.

large, bureaucratic programs or for radical redistribution of income and wealth along European lines.

The Clinton Agenda

When this paper was first proposed, in the summer of 1994, it seemed to many Americans that we were well on our way to creating a long-overdue, comprehensive and nationwide youth development and workforce development system (with the emphasis on system). President and Mrs. Clinton, Secretary of Labor Robert Reich, Secretary of Education Richard Riley and the Democrat-controlled Congress of the United States had long championed large investments in education, employment training and related forms of economic and social development, including child care and health care. That, in fact, was the central Clinton theme -- "Putting People First" -- which became the winning Democratic political strategy in 1992. For these Democrats, workforce training was not just for the poor and the unemployed but for the 90 percent plus of the workforce that was already employed and for all young people preparing to enter the workplace.

It must be acknowledged that, as far as job creation is concerned, this Clinton-Reich employment training agenda is based on an unsubstantiated theory that some critics have caustically dubbed the "Field of Dreams" strategy: In other words, train the workers and the jobs will come! Yet, no rival theory of employment training commanded greater appeal in the early 1990s.

Responding to this favorable political constellation, the President proposed, and the 103rd Congress enacted in 1993-94, major new legislation and significantly higher

federal appropriations to back it up. Goals 2000, one of the new laws, made available to our 50 states resources to engage in voluntary goal-setting and planning to reach what was a broad consensus on the need for higher levels of academic achievement. The School-to-Work Opportunities Act provided venture capital for states and local communities to create partnerships linking work-based learning with the academic curriculum, secondary with postsecondary education, employers with educators, parents and students. A National Skill Standards Board was established to promote the development of voluntary industry and occupational standards. A National Goals Panel tracked the states' progress in achieving eight bipartisan National Education Goals. State governors and business leaders, many of them fresh from visits to countries with impressive worker preparation systems, joined together in calling for a "high skills, high wages" strategy of public investment to raise domestic living standards and to keep America competitive in international trade.

In his campaign for the presidency, Mr. Clinton emphasized the need for large training and retraining programs, financed by a French-style employers training tax, perhaps 1.5 percent of payroll. Employers who expended an equivalent amount for their employees' on-the job training would be exempt from the tax. However, it soon became apparent that new taxes were politically unacceptable to the Congress. The idea of a training tax (just like Mr. Clinton's later call for raising the minimum wage) was never again mentioned seriously.

The initial Clinton agenda did not rely solely on training for its "invest-in-the-future" strategy. Indeed, it was full of innovations that would advance a workforce

development system. It created a National Economic Council in the White House headed by economist Laura D'Andrea Tyson, who advocated a high-growth economy spurred by federal investments in education, training, science and technology. It proposed government subsidies for civilian research and development and regional technology transfer centers, in part to offset declining Defense Department research and development, and in part to stimulate new technologies that would create high-wage jobs. It established in the Department of Labor an Office of the American Workplace to promote high performance workplaces and to empower frontline workers. And it energetically promoted expanded international trade through NAFTA and WTO and by pressuring Japan to open its doors to American exports. Taken together, these measures would have comprised something like a milder and gentler version of "industrial policy" practiced by a vigorous central government.

The "Devolution Revolution"

Then, like the title of the old movie/stage play, *"A Funny Thing Happened on the Way to the Forum!"* On November 8, 1994, the Democrats lost control of both houses of the Congress, 18 additional state legislative houses, and 14 gubernatorial offices, a political sea change from the Atlantic to the Pacific. Not one Democrat managed to defeat an incumbent Republican officeholder. Clearly, something more basic than the popularity of President Clinton and the Democratic Party was involved.

Simply put, the elections marked an abrupt halt to the efforts of the federal government to stimulate a comprehensive employment preparation and workforce

development system for the nation. I say "halt" rather than "end" because American politics today is notoriously volatile, and no one can know with assurance if the tendencies exhibited by the electorate in 1994 will become long-term trends or merely an interlude in the 60-year rise of an activist federal government.

It is essential for those unfamiliar with American politics to understand that the United States is undergoing very wrenching political changes. As interpreted by the media and political pundits, a majority of Americans are said to believe that the federal government is too large, too expensive, too ineffective, and too overbearing in its demands on individuals and corporations. The belief is widespread that government programs (federal and state) do not work very well (unless they happen to promote or subsidize someone's favorite activity), and that government is too far removed from the people. Recent polls indicate that only about 20 percent of respondents trust the government to act in their best interests, down from almost 80 percent in the early 1960s.*

In more "normal times" such beliefs would be sufficient to impede the development of strong federal leadership and investments in preparation for employment and upgrading the incumbent workforce. Certainly, that has been the case in the 50 years since the end of the Second World War. Throughout this period, the United

* Of course, the United States is not alone in experiencing growing popular disaffection from its political parties and institutions and their representatives in the national Capital. A variety of causes -- support for new parties, independent candidates, reform of lobbying and election finance, and popular resentment over political and economic conditions -- has recently toppled long-standing regimes, for example, in Canada, Italy, the former USSR and Japan.

States failed to develop a national policy to guide how, *or even whether,* the American people should be engaged in federally-assisted skill development for a rapidly changing, highly technological global economy. Thus, many politicians and policy analysts have been pointing out for the past quarter of a century that the United States is the only Western, industrial democracy that does not have a national education and employment policy and that, because of this lack, our young people are particularly at-risk of not having the skills to earn decent incomes as adults.

Unable or unwilling to develop a comprehensive workforce development system, the federal government began a long-time affair with narrowly defined categorical programs, beginning in the Kennedy Administration. To combat unemployment, poverty, welfare dependency and technological displacement and to adjust to foreign competition while accommodating the needs of so-called "special populations" -- women, persons with disabilities, veterans, minority group members, non-English speakers, recent immigrants -- the Congress enacted between 125 and 175 narrowly-focused categorical employment training programs administered by over 20 federal agencies. By 1994, even veteran Democratic politicians agreed that they had overdone it. There were simply too many programs, too little coordination among them, too much complexity, too little labor market information and insufficient involvement of the private sector. Worst of all, too few people could gain access to a program that equipped them to earn a decent living. Pruning the federal program tree, consolidating programs into more manageable and accessible opportunities had become a legislative imperative. But then, as already noted,

"A Funny Thing Happened on the Way to the Forum!"

The Republican capture of the Congress meant that President Clinton's quite modest workforce investment strategy was dead or, at best, a Dream Deferred. Henceforth, the overriding issue in Washington became, not investments in the future, but cutting public spending and balancing the federal budget. New taxes and new programs were not only unpalatable but politically impossible. Democrats, who in 1994 had conceded the need for program consolidation, now were reduced to rear-guard skirmishes to hold on to as much as possible of their 1960s-1990s social agenda. Republican radicals -- who prefer to call themselves anti-government Libertarians -- called not only for balancing the budget in seven years but for ripping out by the roots most of the federal government's domestic roles. Eliminating most education and training programs was at the top of their agenda.

The Clinton Administration's strategy is to ride out the anti-government tidal wave. Rather than larger federal funding for training programs, it proposed using the tax code and vouchers. Families earning less than $120,000 a year would be allowed to deduct up to $10,000 annually for education and training expenses. In place of the myriad of federal training programs, workers could get vouchers worth $2,620 for each of two years to be used at their choice of available training institutions.

However, these Clinton initiatives were too reactive and came too late to command attention. As of today, the only Clinton proposal that seems to be taken seriously is his threat to veto legislation that guts major existing federal education and training programs.

Thus, the current Washington political struggle can be perceived at two levels: the issue of the priority and legitimacy of federal employment training and workforce development policy and, even more important in the long run, the matter of broader, long-held notions about the proper role of government in national life and whether taxes should be levied to support it. I emphasize that this radically altered political ambience exists not only in Washington but, in varying degrees, in the 50 state capitals and, in many cases, in local government as well.

(Insert report on proposed block grant bills pending in the Congress and appropriations reductions underway, as of September 25, 1995.)

In the Republicans' plans for reducing the federal role, which calls for achieving a balanced federal budget in seven years by setting reduced spending targets, several major shifts in federal spending priorities are already evident:

- from domestic programs to higher defense spending.
- from lower and moderate income families to high-income families. This will take the form of tax cuts, child credits and capital gains relief, as well as higher costs for student loans and Medicare insurance premiums. At the same time, there will be cuts in Medicaid (the nation's health care safety net for low-income families) and various discretionary programs generally targeted to the poor.
- from federal-level responsibilities to state and local government. This devolution will inevitably lead either to reduced benefits and services and/or to tax increases at the state and local levels to compensate for the federal cutbacks.

Hardest hit in current federal spending programs will be the non-defense

"discretionary programs." These include education, job training, scientific research, veterans programs, space exploration, the environment, law enforcement and federal prisons among others. Slashing these optional, non-mandatory programs would be required by the current Congressional leadership to absorb budget cuts of $445 billion over seven years -- or a minimum reduction of 30 percent across the board. Since some of these discretionary programs, such as the FBI, federal prisons and veterans' hospitals are politically hazardous to cut, reputable budget analysts predict that the less politically strong areas, such as education and job training, will have to absorb cuts of as much as 46 percent. Meanwhile, spokespersons for the political Far Right say that these Draconian cuts are only the beginning. If they have their way, federal funding for many discretionary social programs will be terminated altogether.

Of particular note to those interested in the area of employment training is the fact that, while the Congressional committees that write the laws (the "authorizing committees") are proposing to transfer responsibility for training to the states in a year or two, the Congressional committees that approve all funding (the "appropriations committees") are already drastically slashing federal funding for such programs. Here are some of the House of Representatives' proposed funding cuts:

- The 31-year-old Summer Youth Employment Program, which this year provided over 600,000 summer jobs and educational remediation for economically disadvantaged youth, would be terminated.
- Longer-term year-round youth employment training (Job Training Partnership Act, Title II-C, Reagan-era legislation) is slated for an 80 percent reduction.

- The national service program, AmeriCorps, which offers postsecondary education scholarships in exchange for one or two years of community service, is to be terminated, according to the Congressional Budget Resolution.
- Numerous other cuts for education and training are also working their way through the Congress. These include cuts of 23.5 percent for vocational and adult education, 22.4 percent for school-to-work funds, 16.7 percent cut for adult job training and 30.8 percent for retraining dislocated workers. House Republicans would also eliminate the Goals 2000 educational restructuring grants to the states and abolish the National Education Goals Panel.

The Senate's appropriation cuts, while substantial, are expected to be somewhat less devastating. President Clinton has promised a veto of any final appropriation bill that does not restore at least some of these education and training funds. However, most political observers now expect that substantial funding cuts and many program eliminations will eventually result.

To re-emphasize the point:

- A very large percentage of federal funds that are funneled to state and local governments originate in the category of federal spending called "discretionary" -- elective, non-mandated.
- Cuts of 30 to 46 percent will likely occur over the next seven years.
- Republican ideology calls for turning over major decision making and operations in the social sphere to state and local government.

Something seems seriously amiss. What has been called "The Devolution Revolution" -- transferring responsibilities from Washington to the states -- will come about only with greatly reduced financial resources and at a time when the states will be hard-pressed to find adequate replacements for diminished federal aid.

The Future (Dimly Seen) of U. S. Employment Training Policy

Despite this gloomy and possibly disheartening picture of the American lack of progress in fashioning a national employment preparation and workforce development system, I am optimistic for the long-term. Under the proposed series of block grants, some, but not all, of our 50 states will, in time, develop truly effective statewide systems. Employers might decide that they need -- and are willing to pay for -- substantially larger public and/or private investments in education and training. The voters might also make it abundantly clear that politicians who oppose policies leading to higher living standards, policies that include investments in education and training, will have limited political futures.

This last point deserves special note and not just for pollyannaish reasons. As political pundits and most notably, US Secretary of Labor Robert Reich and Senator Bill Bradley, two of the nation's most thoughtful public officials, have been proclaiming, economic anxiety and apprehension among the American people are deep and pervasive. Many Americans are worried about losing their jobs to corporate downsizing, to technological displacement and to foreign competition. They are also increasingly worried about how their children are going to earn a decent living in the next century.

And they are beginning to pay attention to the widening gap between rich and poor which was tolerated as long as most workers experienced a noticeable rise in their standard of living.*

I believe that Americans will not long tolerate further deterioration in their living standard and a deeper decline in the economic prospects of their children. "Angry white males," the recent focus of politicians' and pollsters' interest, are feeling squeezed economically. They will be joined by others who are beginning to recognize that their tenuous hold on middle class status is made possible only by having more than one earner in the family (with attendant strains in family well-being and cohesion), by surrender of social benefits, and by increasingly problematic job security. When the private market does not produce better results, there will be popular demand for political action. Increased public investments in education, workforce development and job creation may well be one outcome of such a demand.

Underlying all these potential reasons for believing in the necessity of an American workforce development policy is a mounting body of scholarly evidence that education and training *do*, in fact, pay off handsomely -- both for the individual and for the society.

---

* "The reduced job security and purchasing power of U. S. workers have contributed to a widening income gap, such that the U. S. now has the most unequal distribution of income of any industrialized country." ("The Unemployment Crisis: Diagnosis and Remedies," World of Work, International Labor Organization, December 1944.) And, according to the Twentieth Century Fund, while Britain's richest one percent of families owns 18 percent of the nation's wealth, in the U. S. the top one percent owns 40 percent. Also, see New York Times, April 17-18, 1995: three-fourths of all U.S. income gains in the 1980s, and virtually all of the increase in wealth, went to the wealthiest 20 percent of families.

In May, a University of Pennsylvania report* based on U.S. Census Bureau data concluded that increases in workers' educational levels (attainment or years of schooling) produced twice the gains in workplace productivity as did comparable investments in capital goods -- that is, tools, buildings and machinery. Based on interviews with 3,000 managers and owners, the report found that a ten percent increase in capital goods raised productivity by 3.4 percent. However, a ten percent increase in workers' educational attainment led to an 8.6 percent rise in average productivity and an astonishing increase of 11 percent in non-manufacturing jobs, where most job growth is occurring.

This study bolsters the findings of various inquiries over recent years showing, for example, that workers' income rises, on average, eight percent for each additional year of schooling they receive (high school, college or graduate school).

The strong correlation between educational attainment and family income has never been clearer. In 1992, for example, fully two-thirds of the young families headed by high school dropouts earned below the poverty level. This contrasts with poverty level earnings of 40 percent among those headed by high school graduates, 22 percent headed by persons with some college and only 7.5 percent headed by college graduates. Few investments produce so profitable and so consistent a return as do investments in education and training.

Similarly, a substantial number of leading American employers have recently stepped to the forefront of efforts to improve the academic performance of the schools

* National Center on the Educational Quality of the Workforce, "National Employer Survey."

whose graduates will feed into their firms' entry-level workforces. A small but growing number of employers are also supporting work-based learning opportunities through youth apprenticeships, internships, industry-focused career academies, and other collaborations among the schools, employers, parents, community-based organizations, and postsecondary education. Such linkages augur well for the future of workforce development in the United States.

There is another reason that I believe the United States will eventually be driven to develop a comprehensive workforce development system. Most labor economists agree that employment training programs alone don't create jobs. (Economic columnist Robert Kuttner, for example, has observed that if an adequate supply of willing and trained workers could guarantee an adequate supply of jobs, then the Great Depression would never have happened.) In today's economy, many of those persons being downsized (or made "redundant") are precisely those who are already reasonably well-trained, particularly engineers, mid-level managers and accountants, among others.

Therefore, hand in hand with training to increase productivity and to eliminate critical shortages of skilled manpower, there is an urgent need to focus attention on a long-neglected dimension of employment policy: *job creation*.

Let's review some numbers. Overall, eight million Americans are officially classified as unemployed. Of these, 2.7 million are youths aged 16-24. Several million other persons are listed as "discouraged workers" -- that is, jobless but not in the officially measured workforce. Among these unemployed and discouraged workers are the almost four million welfare recipients who, most Democrats and Republicans agree,

must be helped, or forced, to get off the public dole. It is well established that long-term welfare recipients are among the least job-ready and the most expensive to train. If the U. S. is serious about reducing the welfare rolls, we will need more than just mandatory work requirements. Support for job development, job placement and training subsidies and supports such as child care and health services will have to be greatly increased. Except for earmarked funding for child care, this is precisely the opposite direction from the one in which the Congress is now traveling. But sooner or later, most Americans will not tolerate throwing mothers and their children into the streets or into foster care and orphanages. Increased training and support services are a more logical, even if a presently more distant, prospect.*

And what about the millions of unemployed and underemployed Americans who can't earn a living wage? Even raising the minimum wage to $5.15 an hour from the current $4.25, as President Clinton has proposed, yields an annual income of only about $10,000, roughly one-half the minimum necessary to support a family of three. Ratcheting up this population of minimum-wage workers to more adequate earning in the private sector would be enormously expensive, even if the costs were shared between governments and the employers.

Moreover, it is highly doubtful that the unaided private sector could absorb such persons unless they were to receive substantially more training. In this regard, the

*Under the Family Support Act of 1988, Congress provided funding for employment training, child care and health services for welfare recipients. However, the fiscally-strapped states failed to come up with their share of matching funds and the potential of the Act was never really tested.

ground-breaking 1995 Job Gap Study of the Minnesota economy is quite instructive.*

As many of you know, Minnesota is one of our most prosperous states, home to many high-tech firms, progressive agriculture and high value-added export industries. Defining a "livable wage" as enough to support a single parent and two children, namely $10.23/hour or $20,000 per year, the Minnesota study found that:

- Minnesotans seeking livable wage jobs outnumbered the available job openings by six to one.
- Only 48 percent of Minnesota jobs pay livable wages and such jobs grew more slowly than the average growth of all jobs in the state. This means that 52 percent of the state's jobs did not pay livable wages.
- For each livable wage job opening requiring one year or less of training, there were 31 job seekers. However, only 19 percent of such job openings could be filled by persons with that level of training. All the other available jobs required far more preparation than the job seekers possessed.
- From 1990 through 1993, unemployed job seekers confronted an economy containing only one net new job for every three persons seeking it.

The study therefore concludes:

> "The economy is not working well and shows no signs of being able to resolve the crisis facing so many Minnesotans. Individual job seekers may succeed, and faces in the unemployment lines may change, but the overall

* JOBS NOW Coalition, The Minnesota Job Gap Study, January 1995

problem of underemployment persists ... *The problem lies in the lack of jobs, particularly those that pay a livable wage."* (Italics added.)

The central political question then is how long will Americans be willing to abide a laissez faire economic system that does not work very well for 50, 60 or even 70 percent of the population? Can we tolerate a system that does not produce enough good jobs, even for those with considerable amounts of formal education and training?

I believe that what will work best for the United States and other industrialized nations is a *mixed* economy that taps the creative and entrepreneurial talents of private employers and, at the same time, recognizes that governments -- federal, state and local -- also have a vital role in stimulating *job creation*, as well as investing in the skills of American workers.* Just as it took vigorous government action to promote interstate highway construction, urban mass transportation, rural electrification, irrigation, reclamation and space exploration, we need new publicly-stimulated and at least partially publicly-financed "moonshots" with the goal of creating large numbers of jobs paying a livable wage. Name your own candidates for job creation: repairing America's fraying infrastructure, mass transportation, cleaning up the environment, adding to our housing stock, replacing our antiquated school buildings with safe, technologically-equipped

*The United Nations, International Labor Organization and other world bodies recognize job creation as an urgent worldwide problem. Thirty percent of the world's labor force of 2.8 billion persons is not productively employed. Of these, 120 million are officially listed as unemployed (including 18 million in Western Europe), and 700 million are underemployed. "About one billion new jobs will have to be created within the next ten years. This is a historically unprecedented task." Mihaly Simai, editor, Global Employment: An International Investigation into the Future of Work. (London and Atlantic Highlands, NJ: Zed Books, March 1995).

structures, rebuilding our urban ghettoes, whatever. Certainly, there is no shortage of life-enhancing work to be done!

I acknowledge that such publicly-stimulated initiatives have little political standing in the policy climate of today's Washington. Renewed public interventions in the labor market will require effective political champions, leaders who are not now on the scene. Perhaps this is another way of saying that conditions for typical American wage earners will probably get much worse before the public demand for action becomes irresistible. That demand need not take the forum of giant public works schemes or public service employment. All that is really required is an answered call for governments to do their part along with the private sector to reverse falling incomes.

If our nation's leadership steps up to meet the challenge, the role of education and employment training will become more critical than ever. In place of today's inadequate federally-funded categorical programs, Americans can draw up a new compact with clearer roles for the states, for employers, for educational institutions, for community-based organizations. Then, perhaps, we can return to the Dream Deferred and complete the task of building a comprehensive system to prepare young people for the world of work and to assist incumbent workers to excel in their chosen careers.

SOME FACTS ABOUT THE U.S. LABOR FORCE

The U S labor market has effectively absorbed American population growth Total employment over the past 30 years has outpaced the growth of the working age population During the first 30 months of the Clinton Administration, the U S added 34 million new jobs

Dramatic increase in labor force participation rate of women, from 42 7percent in 1969 to 57 9percent in 1993 Male participation rates have fallen from 79 8to 75 2percent Overall, 46 percent of the U S labor force is female

Unemployment rates of persons ages 25+ in 1992 ranged from 11 4percent for those not completing high school, 6 8percent for high school graduates, 4 7percent for those earning an Associate degree, to 3 2percent for those with a Bachelor's degree or higher

Long-term unemployment rates have not changed much from 1970s the blacks' rates are about twice that of whites while youth unemployment is about triple that of adults

Unemployment among minority dropouts rose from six percent in mid-'60s to 36 percent in mid-'80s Comparable whites' increase in unemployment was from 1 4to 10 3percent

Increases in income from wages and salaries come more from increases in hours worked rather than from improvement in wages Overall, average hourly compensation of workers has been falling since the 1970s, accompanied by significant declines in benefits, especially health insurance

Median real wages fell 7 5percent from 1973 to 1993 with workers in the lowest wage quintile losing 11 7percent Educated females experience real wage growth while most males' earnings fell, thus narrowing the gender earnings gap

The most dramatic change: falling real wages for less skilled workers, both high school dropouts and graduates Seventy percent of the workforce experienced falling incomes since the late 1970s Even those with some college have seen their income fall or stagnate Postgraduates and professionals are the only group with real earnings increases Young workers' income declined faster than older workers

Median annual earnings of full-time workers ages 25+ in 1992 by level of schooling completed: 9th-12th grade without a diploma $21,411 for men and $14,613 for women, high school graduate $27,357 ($19,462), Associate degree $33,477 ($25,643), Bachelor's or more $45,980 ($32,357), Professional degree $76,321 ($46,442)

Economy has seen a general decline in wage structure, i e ,a higher percentage of workers are employed in low-wage jobs than 20 years ago In 1979, 22 9percent of jobs paid below the poverty line; in 1990s, 26 9percent earned below the poverty level

Percentage of full-time workers has declined to 81 2percent while those who involuntarily work part-time has increased 56 percent (from 3 1percent to 5 5percent in 1993) The temporary help industry (e g ,Manpower, Inc)grew from 400,000 workers in 1982 to 1 8million in 1993

Outsourcing, downsizing, involuntary part-time work, etc combine to increase worker insecurity and reduce upward mobility "Low paying entry-level jobs are more likely to become permanent jobs" (Rebecca Blank)

Decline in unionization (now only 12%) and the erosion of value of the minimum wage reinforce the trend toward income inequality In 1979, a full-time, full-year minimum wage job kept a family of three above the poverty line Today, even a two person household would be in poverty with only one full-time minimum wage job

There is little or no evidence that declining school quality explains real wage declines However, some believe that the growing demand for communication and interpersonal skills in the service sector explains narrowing gender wage trends and widening black-white differentials (Bond and Johnson, American Economic Review, 1992)

Unresolved controversy: whether the net impact of new technologies has de-skilled or up-skilled the U S workforce, or both

Abstracted from Stephen Mangum, "The Employment Outlook for Troubled Populations" in The Harassed Staffers Guide to Employment and Training Policy (Baltimore Johns Hopkins University, 1995) and Digest of Education Statistics 1994 (Washington, DC National Center for Education Statistics, U S Department of Education, 1994)

BEST COPY AVAILABLE

YOUTH EMPLOYMENT - 1994 (Source: Bureau of Labor Statistics)
Prepared by the National Youth Employment Coalition - May 9, 1995

	Labor Force	Number of Unemployed	Percent Unemployed
Total 16 and above	103,056,000	7,996,000	6.1%
All African Americans	14,502,000	1,666,000	11.5%
All Hispanics	11,975,000	1,187,000	9.9%
Total Youth 16-24	21,612,000	2,693,000	12.5%
All 16-19 year olds	7,481,000	1,320,000	17.6%
All 19-24 year olds	14,131,000	1,373,000	9.7%
White Youth 16-24	18,045,000	1,912,000	10.6%
White 16-19 year olds	6,357,000	960,000	15.1%
White 20-24 year olds	11,688,000	952,000	8.1%
Total African American youth - 16-24	2,652,000	651,000	24.6%
African-American 16-19	852,000	300,000	35.2%
African-American 20-24	1,800,000	351,000	19.5%
Total Hispanic 16-24	2,670,000	418,000	15.7%
Hispanic 16-19	807,000	198,000	24.5%
Hispanic 20-24	1,863,000	220,000	11.8%

AMERICAN YOUTH POLICY FORUM
1001 Connecticut Avenue, NW.
Suite 719
Washington, DC 20036-5541

AMERICAN YOUTH POLICY FORUM

Linking School and Employment: Toward a Comprehensive System

✓ The goal of school-to-employment reform is to improve the chance for all young people to develop into effective and contributing citizens, workers and parents.

✓ This requires that two of the main shaping experiences of adolescence -- school and paid work -- be transformed so that they are more engaging and developmentally sound experiences.

✓ A comprehensive vision of school-to-employment reform should include four components.

1. Making high schools more effective learning environments
2. Creating structured paths to high-skill careers (not just jobs)
3. Making postsecondary education accessible by combining learning and earning
4. Strengthening the social fabric of local communities

✓ Significant reform requires changes in the way schooling is organized (particularly high schools), the way young people are introduced and connected to the labor market, and the way young people's school and work experiences are linked and integrated.

✓ On the school side, nothing short of comprehensive school reform will be able to improve young people's educational and economic prospects. Components should include

- An end to tracking through provision of a range of high quality, multi-disciplinary program options for high school youth, many of which are organized around broad industry clusters

- Academic preparation that prepares young people to be able to enter and succeed in postsecondary programs, including four-year degree programs

- A changed pedagogy that emphasizes contextual and experiential learning methods for all students and that recognizes the importance of helping young people link into the community and workplaces

- Integration in all programs of academic and vocational learning

- In most cases, smaller learning units (i.e., clusters, schools-within-schools, career academies, etc.)

INSTITUTE FOR EDUCATIONAL LEADERSHIP
1001 Connecticut Avenue, N.W., Suite 719, Washington, D.C. 20036-5541
Tel: (202) 775-9731 Fax: (202) 775-9733

BEST COPY AVAILABLE

- Effective career guidance from people knowledgeable about and tied into the local labor market

- Portable, industry-driven and recognized credentials certificates attesting to competency

✓ Schools and businesses need significantly different relationships with each other in order to forge a new set of relations between young people and the labor market. Changes should include:

- Rewards in the labor market for high performance in school (through a formal Compact or other explicit agreement)

- Specification of well-defined pathways into a range of possible careers, with requirements for entry clearly articulated (including skills required and credentials expected)

- Work-based learning opportunities in secondary and postsecondary years that have both pedagogical rationale and that link young people with promising labor market opportunities

- Creation of formal institutional mechanisms for linking these two worlds (i.e., an entity or intermediary whose responsibility is creating, nurturing and deepening these relationships)

✓ As much as possible, employers should provide paid work opportunities to students. And, as much as possible, this work should be integrated with students' school experiences. (Most young people need to earn income and employers are more invested in the success of young people if they are paying them.)

✓ A range of different work-based learning experiences must be designed and linked together if efforts are to approach significant scale. These include opportunities in:

- Good jobs with career advancement ladders
- Public and non-profit sector jobs (almost one-third of the U.S. economy)
- "Youth jobs" (restaurants, retail trades, etc.) to move into career ladders
- School-based enterprises
- Community service, non-paid placements, youth service and conservation corps

✓ Effective partnerships require the formal, ongoing commitment of a community's leaders from its key stakeholder sectors -- including school leadership, employers and their organizations, labor organizations (teachers and other labor sectors), postsecondary institutions, city government, community-based organizations and parents.

BEST COPY AVAILABLE

ELEMENTS OF AN EFFECTIVE WORKFORCE DEVELOPMENT SYSTEM*

- Improve Consumer Information and Customer Access.
- Make Program Information Accessible to Both Employers and Program Participants.
- Match Training Specifically to Employers' and Participants' Needs; Meet Employers' Expectations for Workplace Skills.
- Provide Flexibility and Simplicity, while Ensuring Accountability Results; Develop Performance Measures that Reflect Results.
- Simplify Eligibility Determination and Unify Systems; Reduce Paperwork Burden.
- Provide Comprehensive Support Services, including Case Management.
- Extend Program Follow-up to Improve Job Adjustment and Retention.
- Improve Connections with Schools to Better Integrate Education and Workforce Preparation.
- Improve Federal/State/Local Program Coordination.

*Abstracted from Dialogue on the Disadvantaged: Response to Stakeholders. (Washington, DC: U. S. Department of Labor, Employment and Training Administration, June 1995).

BEST COPY AVAILABLE